



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

For Immediate Release
Tuesday, September 28, 2004

Contact: Anita Horn Rizek/Wendy Carey
202-224-4515

Baucus Raises Concern About IRS Ability to Enforce Tax Laws and Provide Taxpayer Service

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus, Ranking Member of the Senate Finance Committee, released a letter from the Internal Revenue Service (IRS) Commissioner, Mark Everson, highlighting the effect of reducing the administration's fiscal year 2005 budget request for the IRS. Commissioner Everson responded to a September 7th letter sent by Senator Baucus inquiring about the effects on tax administration of Congress' proposed cuts to the IRS budget. In his letter, the Commissioner provided specific examples of what IRS would not be able to accomplish with a reduced budget.

Last July, the Senate Finance Committee held a hearing on the tax gap, which is the difference between the amount of taxes taxpayers owe to the government and the amount of taxes that taxpayers voluntarily pay. The current, annual tax gap is estimated at \$311 billion, of which only \$55 billion will be collected through enforcement efforts. According to Commissioner Everson, the cut of \$382 million proposed by the House Appropriations Subcommittee on Transportation, Treasury, and Independent Agencies will have adverse affects on the IRS's efforts to ensure compliance.

In releasing the letters, Senator Baucus issued the following statement:

"As part of the IRS Reform Act of 1998, Congress committed to support IRS in its efforts to collect the nation's taxes and provide quality taxpayer service. Congress must provide the IRS with the support and tools to enforce the tax code. Failure to do so will jeopardize the agency's ability to stem non-compliance through enforcement and taxpayer service."

The full text of the letter to Commissioner Everson from Senator Baucus and the Commissioner's response can be found on the Senate Finance Committee's website on Senator Baucus' press release page at <http://finance.senate.gov>.

###